

**UNITED STATES OF AMERICA  
BEFORE THE  
FEDERAL ENERGY REGULATORY COMMISSION**

**Frequency Regulation Compensation in the )  
Organized Wholesale Power Markets )**

**Docket Nos. RM11-7-000  
AD10-11-000**

**ANSWER OF  
THE CALIFORNIA INDEPENDENT SYSTEM OPERATOR CORPORATION  
TO MOTION OF ISO NEW ENGLAND, INC. FOR EXTENSIONS OF TIME FOR  
COMPLIANCE OBLIGATIONS**

The California Independent System Operator Corporation submits this answer<sup>1</sup> in response to the motion of ISO New England, Inc. for extensions of time for compliance obligations in connection with Order 755.<sup>2</sup> The CAISO supports ISO-NE's motion and recommends that the Commission allow all independent system operators and regional transmission operators implementing Order 755 to submit an alternative proposed effective date as part of their compliance filings. The Commission will have authority to approve these proposed effective dates based on a demonstration by each ISO and RTO of the time needed to develop and test any business or software requirements to implement Order 755.

Order 755 requires organized markets to establish a two part payment mechanism for resources providing regulation: (1) a capacity payment for all resources with cleared regulation bids and (2) a performance payment with an

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<sup>1</sup> The CAISO submits this answer pursuant to Rule 213(a)(3) of the Commission's rules of practice and procedure 18 C.F.R. § 385.213 (a)(3).

<sup>2</sup> *Frequency Regulation Compensation in the Organized Wholesale Power Markets*, 137 FERC ¶ 61,064 (October 2011) (Order 755).

accuracy adjustment. Order 755 establishes a schedule for ISOs and RTOs to submit a compliance filing in April 2012, with an effective date in October 2012.

ISO-NE's motion requests an extension of the date to submit a compliance filing up to and including August 10, 2012, as well as authority to propose an alternative effective date to implement Order 755 in its compliance filing. ISO-NE asserts it requires additional time to conduct a stakeholder process as well as time to develop and test market and software changes necessary to implement the final rule.<sup>3</sup>

The CAISO supports ISO-NE's motion and recommends the Commission allow all ISO and RTOs implementing Order 755 to submit a proposed alternative effective date as part of their compliance filings. To the extent the CAISO can implement Order 755 by October 2012, it will do so. Developing and testing market and settlement systems, however, may require additional time. Similar to ISO-NE, the CAISO has several projects scheduled for release in 2012 that are occupying its business and software development resources.<sup>4</sup> For these reasons, the CAISO urges the Commission to grant ISO-NE's motion for extensions of time and extend to

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<sup>3</sup> The CAISO plans to commence a stakeholder process this month to implement Order 755. The CAISO has posted a copy of its straw proposal on its Web site: <http://www.caiso.com/informed/Pages/StakeholderProcesses/PayforPerformanceRegulation.aspx> While the CAISO hopes to make a compliance filing within the timeframe contemplated by Order 755, the CAISO may need to request additional time depending on the issues that arise during its stakeholder process. If CAISO believes it will require more time to resolve those issues, it will file a motion for an extension of Order 755's compliance deadline similar to ISO-NE's motion.

<sup>4</sup> The most recent version of the CAISO's Master Stakeholder Engagement Plan is available at the following Web site: <http://www.caiso.com/Documents/MasterStakeholderEngagementPlan.pdf>

all ISOs and RTOs the relief ISO-NE seeks to propose an alternative effective date to implement Order 755.

Respectfully submitted,

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Dated: December 6, 2011

## CERTIFICATE OF SERVICE

I hereby certify that I have served the foregoing document upon the parties listed on the official service lists in the above-referenced proceedings, in accordance with the requirements of Rule 2010 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.2010).

Dated at Folsom, California this 6<sup>th</sup> day of December, 2011.

*/s/ Anna Pascuzzo*

Anna Pascuzzo